

CONFIDENTIAL
TREATMENT REQUESTED
HEALTHSOUTH Corporation

Meeting of the Corporate Compensation Committee

July 31, 2002

Minutes

A Meeting of the Compensation Committee of the Board of Directors of HEALTHSOUTH Corporation (the "Corporation") was held at the Corporation's offices in Birmingham, Alabama on July 31, 2002.

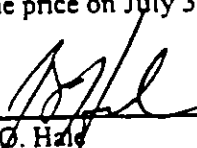
The following members were present: Larry D. Striplin, Jr., Phillip C. Watkins, M.D., and John S. Chamberlin. The following guests were also present: Brandon O. Hale, Executive Vice President, Administration and Secretary of the Corporation and William W. Horton, Executive Vice President and Corporate Counsel. Messrs. Hale and Horton were present in the Corporate office and all others participated via a telephonic connection.

Mr. Striplin served as Chairman of the Meeting and Mr. Hale served as Secretary.

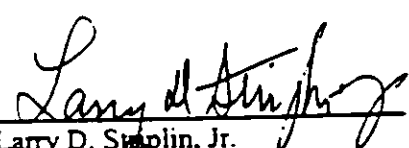
Mr. Striplin called the Meeting to order at 2:00 PM CDT.

The purpose of this Meeting was to further consider Mr. Scrushy's request to repay the principal amount of his loan under the 1999 Executive Loan Plan by transferring to the Company HEALTHSOUTH shares with a value equal to the principal amount.

After reviewing the discussion at the July 25 meeting and having further discussion, Committee members agreed to approve the repurchase of shares from Mr. Scrushy to repay the principal of his loan effective July 31, 2002 at a share price established by using an average between the high and low trade price on July 31, 2002.



Brandon O. Hale
Executive Vice President, Administration
and Secretary



Larry D. Striplin, Jr.
Chairman, Compensation Committee
of the Board of Directors